Online vendors' strategies for reaching the end-user: DATA-STAR

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This is the second in Richard Poynder's series of articles about different host services' efforts to reach fresh users. The first, on FT PROFILE, appeared in *Online Review* Vol. 16 No. 3. This article now looks at DATA-STAR.

The service and its users

The service

Launched by RadioSuisse in 1980, DATA-STAR is the largest European supermarket host, specialising in information in a number of areas including business, biomedicine, chemistry, engineering and the environment. Its primary markets are Europe, North America and the Far East, although it has customers in more than 50 countries.

There are now over 300 databases, 60% of which contain business information and 40% scientific and medical information. However, usage tends to be split 50/50, primarily because the business databases are generally smaller than the medical and technical databases. Medline, for instance, has over 7.2 million documents. At present about 30% of usage is in the UK, with Germany, France and Switzerland each accounting for about 15%. About 8% of usage is in the USA.

Headquartered in Berne, Switzerland, DATA-STAR also has offices in London, Frankfurt, Gothenburg, Paris, Philadelphia and California.

Users

DATA-STAR does not publish figures on user numbers. It is also reluctant to specify who its users are or even the industry they come from. What it will confirm is that where five years ago virtually all registered users of DATA-STAR were intermediaries, some 50% of registered users and nearly 70% of new leads are now end-users — although 90% of usage is still accounted for by intermediaries.

A strategy in the making

Despite the growing numbers of end-users, Peter Martin, Managing Director of DATA-STAR's marketing division, believes the potential of the end-user market has been exagger-

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ated. Certainly he thinks the market is as yet insufficiently established to justify articulating a long-term 'strategy', although he is far from dismissive of the importance of this growing new market.

At a recent interview Mr Martin explained his current thinking on end-users and ways in which DATA-STAR would be looking to exploit the potential it offers the online industry.

Niche markets

The secret to recruiting end-users, Mr Martin believes, lies in creating niche markets. This is what he claims Textline and FT PROFILE successfully established in the City of London, at the sharp-end of the corporate financial sector. However, it was the rapid take-up of end-users in this niche area that has created the myth, as he calls it, that there are millions of potential end-users crying out to get online. 'This,' he says, 'has yet to be proven. It's beautiful for developing corporate strategies, but nobody can line up these people and count them. I'm convinced a large end-user market is coming. I'm also convinced that virtually everybody in the industry is over-optimistic about what it is.'

For the moment, DATA-STAR's approach is to go after niche markets as and when they are identified. 'I think that end-user groups will come to use online group by group, depending on what their key interest is.' As an example of this, Mr Martin cites the case of bench chemists. With the increasing sophistication of software packages it is now possible to undertake complex structure searching by means of online databases. This, he believes, is very definitely an end-user application. 'It's a very complicated niche area where searching cannot be usefully undertaken by an intermediary — even if the intermediary is a chemist — because it's an interactive process that has to be done by the chemist at his bench.' To meet the needs of this user group DATA-STAR will be launching the Beilstein chemical database next year.

Recruiting and supporting end-users

At present DATA-STAR does not differentiate between intermediaries and end-users when recruiting and servicing customers. Mr Martin concedes that the necessity of catering for the discrete needs of end-users will inevitably have implications for the range of activities undertaken to recruit and support DATA-STAR users in the future. What are these implications?

Marketing

Currently all DATA-STAR's advertising takes place in online publications like *Information World Review*. It also attends a number of exhibitions, including the annual Online Information Exhibition and specialist exhibitions like The European Conference of Medical Librarians. All this activity is clearly directed at the intermediary market and Mr Martin anticipates that a different group of marketing people and a different sales process will probably need to be put in place to recruit and service the needs of end-users.

The current selling process is an expensive procedure, involving a lot of follow-up and, often, visits to the customer. Clearly this is not suitable for recruiting end-users, where the

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value of any new contract is likely to be significantly lower. As Peter Martin says, 'We could afford to run demonstrations of the service, but there's no way we could afford to make visits.'

Literature

DATA-STAR produces over 300 separate pieces of literature for its users, from data-sheets and manuals to search guides, newsletters and price schedules. 'We feel that end-users are overwhelmed by this,' Mr Martin says. 'So it is likely that this will be reduced to just one document for them.'

DATA-STAR is also considering producing a separate newsletter exclusively for end-users in the future.

Customer support

DATA-STAR believes that customer service is 'absolutely key' and prides itself on its Help Desk. In fact, Mr Martin claims that the service is so good that the Help Desk sometimes receives calls from DIALOG and FT PROFILE users! At present the Help Desk is open from 9 a.m. until 5.30 p.m. As the end-user market grows, these times are likely to be extended, with help available earlier in the morning and later in the evening.

Training

DATA-STAR currently runs a programme of regular training events, all of which are free and open to anyone. If end-users began to be differentiated from intermediaries, free training may be the first casualty. 'We would almost certainly not run free training sessions for end-users.'

However, DATA-STAR expects most end-users to use Focus, which it feels is sufficiently intuitive not to need training on. Although there are monthly demonstrations of Focus, these are used primarily as a method of recruiting new users.

Pricing

DATA-STAR is unusual amongst online hosts in having no registration fee and no minimum monthly charge. However, the tariff is very confusing. Each database has a different rate per hour and a different rate per document. New users wishing to access Textline, for instance, will discover that there is a charge of £58.80 per hour to enter the database and 62p for each document retrieved. Because they do not know how long the search will take they are, in effect, being asked to buy something without knowing the price.

Mr Martin acknowledges that this is a barrier for the end-user. 'Maybe we'll need to provide a menu-based service, like Focus, where there are no subscription costs and the user simply pays, say, £1 for each page of information he retrieves.' However, Mr Martin is conscious of the software development costs that this may require, with no guarantee of success. 'It could be a big investment to find out how big a mistake we had made!'

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In line with many in the industry, DATA-STAR has, over time, reduced connect charges, placing the emphasis on charging for information retrieved rather than time spent online. 'In the 11 years we've been going,' Mr Martin points out, 'the online time charge has gone up by only 6% in total.' This is obviously attractive to end-users, whose searches are likely to take longer than those made by professionals. But this still means that costs for a service like Textline are roughly £1 a minute and 62p for every article retrieved. Does Mr Martin not accept that prices will need to come down? 'Yes. If we're going to get to a vast end-user market, prices will need to drop and be simpler.'

To simplify the tariff, DATA-STAR plans to introduce a straightforward four-level charging structure. But Mr Martin is keen to point out that DATA-STAR's room for manoeuvre is limited. As it does not own the information it hosts, any changes to the tariff structure have to be negotiated with the database providers — as do any price changes.

Online developments

At the core of any end-user strategy for the foreseeable future will be the Focus service. 'Focus is our first real end-user based service,' says Mr Martin. 'We think it's right for now because it's simple — although it's not leading edge of technology.'

DATA-STAR envisages a process of continuous development of Focus in response to customer feedback and Mr Martin stresses what he sees as its flexibility compared with PC-based systems like FT PROFILE'S recently launched Freeway: by having the intelligence on the mainframe it is possible to adapt the service quickly and efficiently, without having to send out upgrade discs to hundreds of users.

But DATA-STAR is not complacent about Focus. 'In the long term we know there are other things we've got to do.' In fact, DATA-STAR will be producing its own PC-based software. 'We have a whole series of different projects under development in Berne and we will be putting intelligence into the PC, rather than have it all on our system,' says Mr Martin.

Conscious of the different needs of various end-user groups, DATA-STAR, like FT PROFILE, expects to produce vertical market solutions for various niche markets. These could be in the shape of customised versions of Focus, or customised PC software packages. 'The thing is that no one is ruling out anything. This is because we are not yet in a mature market.'

One important area of development that Mr Martin highlights is 'relevancy searching', an alternative method of searching databases that requires less sophistication on the part of the user and where most of the search strategies are calculated by the system. 'This would probably be menu-driven and is the sort of development that could be very important to end-users.'

Success so far

DATA-STAR's overall usage this year is up 25% on last year, with US usage showing a staggering 70% increase. Mr Martin is particularly encouraged by the fact that since the launch of Textline usage of Focus has grown significantly — up by 400% in the last four months. This suggests that DATA-STAR is recruiting large numbers of Textline users.

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Why? Because with FT PROFILE charging on a per-line basis and DATA-STAR charging per document, Mr Martin believes DATA-STAR has a significant price advantage. This advantage increases as Textline documents get longer in response to users' requests for the full-text of articles. With many annual contracts with FT PROFILE expiring in the new year, Mr Martin anticipates a significant migration to DATA-STAR as users compare costs.

But if half the user base are end-users, why do they still only account for 10% of total usage? 'Because,' replies Mr Martin, 'if you have an intermediary who is searching four or five hours a day, it takes an awful lot of end-users to match that level of usage.

'Besides, the drop-out rate of end-users has always been very, very high — about 60% of end-users leave within the first year. End-users have unrealistic expectations. They'll try the service once or twice and not get the exact answer they're looking for and disillusionment sets in.'

The future

DATA-STAR is currently launching 50 new databases a year. As Mr Martin points out: 'You need a critical mass of information. It's all very well putting together a few key sources, but in the end those services that have just a few key sources don't survive.'

The objective is to achieve this critical mass in all DATA-STAR's specialist areas within the next 12 months. Amongst other things this means loading the leading newspaper from each European country, in its own language, and providing a database of full company financial information for each of the major countries of Europe. Additionally, DATA-STAR is intending to develop a portfolio of business information for the United States.

In terms of recruiting end-users, DATA-STAR is quietly confident. Apart from taking market share from competitors like FT PROFILE it envisages a lot of organic growth. It now has contracts with virtually every significant company in Europe and most new users come from these existing contracts. Often these are end-users. 'A great deal of the growth in end-user searching,' says Mr Martin, 'has been the result of intermediaries saying that they don't have time to access the information. That end-users should access it themselves.'

And DATA-STAR's acquisition policy has altered in line with this. Ten years ago it was loading databases exclusively to meet the needs of librarians and other intermediaries. These tended to be bibliographical and assumed the user had access to a hard-copy version of any publication identified. Databases being loaded now, however, are much more likely to contain the information itself, not just a reference. 'All databases loaded in future will be relevant to the end-user,' Mr Martin says.

But does he concede that FT PROFILE has the major share of the end-user market? 'In the UK, Yes. At the moment.' However, he claims, this is changing. 'Since Textline became available on different hosts we have taken a much greater share of that Textline usage. More than we anticipated.' With the price advantages he claims DATA-STAR now has over FT PROFILE, he sees the future holding a 'real opportunity' to take the lead in the UK end-user market.

What about other countries? 'In Germany the number of end-users is very limited,' says Mr Martin. 'In Switzerland we've got a lot of medical end-users. It's patchy. But there's no one country where usage is so high that we are inclined to put in a large marketing effort.'

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Focus — the interface

As we have seen, Focus is central to DATA-STAR's plans to exploit the end-user market. Launched in June 1991 the service is menu-driven and designed to offer non-professional users the ability to search the databases without needing to learn the complex command language required to use DATA-STAR 'classic' (as the command language is called). Currently about 40% of DATA-STAR's databases can be accessed via the service, and it is intended to make the rest available over time.

The opening menu offers four options: Business, Biomedical, Drug and News. Having chosen a particular subject area, users proceed through a series of further menus, where their information requirements are gradually refined. For instance, having chosen the Business section they are offered six topics, including Market Research, Textline Information and EC Legislation. Once their needs are sufficiently understood by Focus they are prompted to choose from a list of relevant databases and invited to begin searching.

The search process is also menu-driven. Once in a database, users are offered a series of relevant categories on which to search; or, if they prefer, they can search by free-text. One enters a choice and presses RETURN to launch the search. When the search has been run the user is informed how many 'hits' have been made and invited either to scan the headlines or refine the search. In fact, there are only two ways of refining the search: either by choosing to 'narrow' it (equivalent to classic's AND command), or to 'broaden' it (classic's OR command). Once satisfied with the number of hits, users scan the headlines and can print off any that are of interest.

Focus does a lot of the thinking for the user. For instance, one will be invited to choose on search terms that are relevant to the Focus section one is in. Thus, when searching on the Predicasts file in the industry section of Business Focus, the search categories offered will include Industry Sector. If, however, one is searching Predicasts via the Company News and Activities section, one is invited to search on company name rather than industry sector.

There is no doubt that Focus makes searching on DATA-STAR considerably easier. What is gained in ease-of-use, however, is lost in sophistication. Apart from the time it takes to pass through a repetitive series of menus, the process is laborious and a lot of the finesse that DATA-STAR classic offers in terms of complex searching is lost — for instance, you cannot use the equivalent of commands such as NOT and SAME.

Particularly confusing is the absence of an equivalent to classic's ADJ command. This means that if a user enters a phrase like 'Online Review' the system treats the request as Online WITH Review and searches for sentences that include these two words, whatever order they are in and even where they are not adjacent, rather than searching simply for the phrase 'Online Review'.

In other words, it appears it is only possible to search on one term at a time and there is no way in which two words can be treated as a phrase. As the user is not warned of this, an apparently straightforward search can produce many irrelevant hits.

There are also a number of ergonomic oversights that are surprising in a product designed for unsophisticated users. If the wrong key is pressed one gets the unfriendly message: 'E028 INPUT NOT ACCEPTED'. It is also surprising that the menus are not as consistent as they could be: pressing '9' generally takes you back to the previous menu, but not always. And unless one knows to type a specific GO command and enter a database

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directly from the opening menu, one cannot quit cleanly and has to step back through an interminable series of menus.

Nevertheless, Focus is under continuous development and new commands are being added to it on a regular basis. It is also possible to shorten online time by bypassing some menus when searching.

The end-users

So, how do customers like the service? I spoke to two end-users. Both work in the City of London: Andy Clack is a Senior Credit Analyst at the United Bank of Kuwait; Duncan Robertson is a Credit Analyst at the American Bank, Bankers Trust.

Both Andy and Duncan had been using Reuters Textline for a number of years before their accounts were transferred to FT PROFILE in January. And in confirmation of Mr Martin's claim that DATA-STAR is taking market share from FT PROFILE, both users have subsequently migrated to DATA-STAR.

Andy Clack

Andy Clack, who has responsibility for monitoring the United Bank of Kuwait's commercial loan book, accesses Textline for about 20 minutes a day. His job is to monitor and evaluate all the companies and individuals who borrow money from the bank. Primarily this means accessing 'press comment on any individual, company, country, or industrial sector in which we are interested.' There are about 10 other people in his department who use the service, accessing it via a shared central PC with an internal modem.

Andy accesses only Textline always via the Focus service. He finds it fairly easy to use. In fact, he prefers it to the previous Reuters system: 'It's easier to print out the information you need.' He does, however, find the menu system laborious and, although he is aware that there are short-cuts that can be taken, he hasn't had time to learn how to do this yet.

He feels that it is 'very important' that he can access the system himself. His previous experience of information departments leaves him sceptical about their ability to find the information he needs as they can so easily misunderstand what he requires, and using the system directly allows him to undertake creative browsing.

Duncan Robertson

Based in the City, Bankers Trust is a large commercial bank that has also become a trading house, specialising in derivatives. Duncan Robertson's responsibilities involve analysing the bank's 'counterparties' — the people that the bank deals with in, say, interest rate swaps — evaluating their financial and commercial standing.

Again, Textline Focus is the only DATA-STAR service Duncan uses. He accesses it directly from the PC on his desk, with an internal modem. 'In principle I want to see every important article that has been written about the company I am interested in. I'm looking for things that significantly affect the company — their annual results, a change in chairman or any restructuring, takeovers or mergers affecting that company.'

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Duncan uses the service for about half an hour a day. How happy is he with it? 'It's a great benefit compared with the old Textline. It's an awful lot faster, but I don't find it particularly easy to use. There seem to be some crucial aspects missing: most importantly, it is not possible to search by date and sometimes I want to search for articles that mention one company, but not a second. I can't do this on Focus. That's my biggest gripe.'

Duncan doesn't think it is essential that he has access from his desk — he doesn't normally need time-critical information — but he finds it very useful: 'partly because I use it a lot. More because of the kind of searches I do. Basically you have to know my job to know what I want to see.'

Conclusion

Since its launch in 1980, DATA-STAR has become a major player in the international online industry. In the early days it was not envisaged as a vehicle for end-users to obtain direct access to information from their desks; as a result DATA-STAR classic is extremely sophisticated, but very unfriendly.

The launch of Focus in 1991 signalled a firm commitment on the part of DATA-STAR to address the needs of the growing end-user market. One suspects, however, that Focus experienced only limited usage until Reuters discontinued distributing Textline themselves and released onto the market a large user-base of people accustomed to accessing textual information via a menu-driven system.

Clearly Peter Martin is right to view some of the more exaggerated claims predicting a sudden explosion in the end-user market with scepticism. Nevertheless, with nearly 70% of DATA-STAR's new leads identified as end-users — at a time when little marketing activity is being undertaken to recruit them — DATA-STAR's own experience indicates that there are a lot of end-users keen to get online.

Added to this, an end-user drop-out rate of 60% in the first year suggests that the sooner DATA-STAR identifies the niche markets it wishes to pursue and develops a clear strategy for recruiting and retaining those users, the more successful it will be in the end-user market.

No doubt a lot of new users do have a hazy idea of what online databases can do for them, but if they are signing up with unrealistic expectations and then closing their accounts in disillusionment, maybe they are being sold a product that cannot deliver what it promises.

Such a rapid turnover of customers can be to the benefit of no one. What seems clear is that there is currently a mismatch between the information needs of a large number of end-users and the delivery of the right product, at the right price.

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